

# City Council Special Meeting



Budget Study Session  
April 28, 2009



## How does the Economic Crisis Impact San Bruno's Budget?

- Home assessed values are declining; foreclosures are up  
→ property tax revenue is expected to decline
- Auto dealers represented 12% of the City's total sales tax revenue in 2007. Sales are down 27% since 2007.
- City lost \$1.5 million due to Lehman Brothers' bankruptcy.
- The Shops at Tanforan is the City's single largest source of sales tax revenue, nearly 30% of the total. Sales tax receipts are declining since 2007.
- Hotel tax revenue has been declining for the past 4 months



## Budget Strategies 2009-10: Responding to the Economic Crisis

- Adopt balanced budget
- Balanced budget will not be achieved by use of reserves
- Develop policy for minimum reserve balance and use of reserves
- Freeze employee compensation through June 30, 2010
- Establish employee budget-working group to recommend budget and service reductions
- Evaluate strategies to increase revenues



## Employee Budget-Working Group Process

- Weekly working group meetings
- Meetings facilitated by City Manager
- Committee's ideas explored and summary of initial analysis provided at the beginning of the each meeting
- All workgroup ideas were categorized and ranked by committee members
- Committee has been kept informed about the departmental reduction strategies and potential impacts to employees



## Overall Plan for \$ 2.3 Million Budget Gap Reduction

Eliminate staff positions	\$ 663,300
Department reductions	
contracts, supplies, and operations	921,400
New revenue	
TOT rate increase	100,000
Parking fines increase	50,000
Recalculate General Equipment Reserve	180,000
transfer	
Employee Compensation Impact (meet & confer)	
Eliminate management leave buyout	133,000
Furlough/other	277,300
<b>Total</b>	<b>\$ 2,325,000</b>



## Eliminate Staff Positions

• Frozen/Vacant/Eliminated Positions	
• Eliminated Positions	
– Police Department	\$ 251,000
• 1 Police Officer; Public Safety Dispatcher; Executive Assistant	
– Community Development	182,000
• Senior Planner; Plan Check Engineer	
– Public Services	74,900
• Service Manager reorganization	
– Community Services	<u>155,400</u>
• Lead Maintenance Worker; Library Assistant I/II	
<b>Total</b>	<b><u>\$ 663,300</u></b>



## Department Reduction By Department [Exclude Staff Positions]

City Manager	\$	14,000
City Attorney		18,700
Human Resources		24,500
Finance		45,400
Police		84,700
Fire		165,200
Public Services		27,000
Community Development		373,600
Community Services		168,300
<b>Total</b>	<b>\$</b>	<b>921,400</b>



## Department Reduction By Expenditure [Exclude Staff Positions]

Regular Part-Time Salaries	\$	102,000
Overtime		125,000
Supplies [office, operating, books & materials, postage, printing, copying & binding, building & ground, supplies & equipment, tools & equipment]		81,500
Utility [Gas & Oil, Utilities, communications]		18,900
Street Light & Traffic Signal		20,000
Contract Services [Professional, legal, and other contractual services]		441,500
Staff Training & Professional Development		45,400
County Service Charge		68,000
Other [Contingencies, Maintenance, Uniform Allowance, Public Notices]		19,100
<b>Total</b>	<b>\$</b>	<b>921,400</b>



## New Revenues

### **Increase TOT rate from 10% to 12%**

- Projected annual revenue: \$270,000
- Estimated revenue from January – June 2010: \$100,000
- Council provided direction to proceed with placing Transient Occupancy Tax Measure on the November 2009 Ballot on April 14, 2009.

### **Increase parking fines**

- Projected revenue: \$50,000
- Council authorized an increase in fines for parking violations as defined in the California Vehicle Code on March 10, 2009



## Recalculate General Fund Equipment Reserve Transfer

- Annual accumulation for replacement of city vehicles and equipments.
- General Fund Equipment Reserve at 6/30/2008: \$5,686,300
- Since 2004-05,
  - transfer to Equipment Reserve \$613,164 each year,
  - average annual Equipment Reserve expenditure \$340,000
- Reduce annual transfer from \$613,164 to \$ 422,052



## Employee Compensation Impact Management Leave Buyout

**MOU provision for management leave in lieu of limited overtime. Buyout provision once per year**

- SBMEA and Mid-Management units
- 2008-09 General Fund budget \$133,000
- Meet and confer



## Employee Compensation Impact Furlough

- General Fund, Public Safety, Enterprise
- | <u>3-Days</u> | <u>6-Days</u> | <u>12-Days</u> | <u>24-Days</u> |
|---------------|---------------|----------------|----------------|
| 1.15%         | 2.31%         | 4.62%          | 9.23%          |
- All General Fund, 6-days savings \$363,000
- Close non-public safety facilities





## Public Service Impact

- Increased Police response times to non-emergency calls for services
- Decrease in available patrol time to generate officer initiated activity
- Increase in referrals to on-line Police report system
- Delay in Fire providing emergency response when multiple or simultaneous calls occur in District 51
- Close Library one additional day per week
- Close Senior Center Friday afternoon
- Reduce field maintenance
- Decrease Park maintenance and management of open space areas
- Reduce/eliminate over the counter Community Development plan check
- Increase Community Development plan check turnaround time
- City Hall and other facilities closed



## Employee Budget-Working Group Priority Ranking

- Increase TOT rate from 10% to 12%
- Expand street sweeping program to west of El Camino Real
- Establish employee furlough program
- Establish camera red light enforcement at intersections
- Reduce General Fund overtime expenses
- Consider putting 911-tax on ballot
- Consider putting general purpose parcel tax on ballot
- Plan parking meters for downtown streets and parking lots
- Maximize benefits to the City from the Federal Economic Stimulus bill